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Contingent liability reserve for the United Nations Postal Administration

Report of the Advisory Committee on Administrative and Budgetary Questions

1. The Advisory Committee on Administrative and Budgetary Questions has considered the report of the Secretary-General on the contingent liability reserve for the United Nations Postal Administration (UNPA) (A/63/320). During its consideration of the report, the Committee met with representatives of the Secretary-General, who provided additional information and clarification.

2. The report Secretary-General was submitted pursuant to section XIV of General Assembly resolution 62/238, in which the Assembly requested the Secretary-General to continue taking measures, alternative to the establishment of a contingent liability reserve, to eliminate risks posed to UNPA by mass mailing and to report to the General Assembly at its sixty-third session on the progress achieved. The Assembly also decided to consider at its sixty-third session the establishment of a contingent liability reserve for the Postal Administration as a solution to the issue of reducing the risk posed to it by the use of its services for commercial and bulk mail, on the basis of any future recommendations of the Board of Auditors and updated information provided by the Secretary-General on the issue. Upon enquiry, the Advisory Committee was informed that there were no findings on the Postal Administration by the Board of Auditors for the biennium 2006-2007 and that the Board had not scheduled UNPA in its programme of work for the biennium 2008-2009.

3. As indicated in paragraph 6 of the report of the Secretary-General, given that most individual collectors will not use the stamps in their collections for mailing, the only use of previously issued stamps that poses a funding issue for UNPA is mailing by commercial bulk mailers using stamps purchased on the open market. The Advisory Committee notes from paragraph 7 of the report that bulk mailing has been eliminated at the United Nations Offices at Geneva and Vienna. The Secretary-General indicates in paragraph 8 that, in New York, effective 1 September 2007,

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UNPA put in place a new policy to restrict large consignments of mail, specialized mail services and mass mail, thereby eliminating bulk mail charges. According to the Secretary-General, this policy has resulted in a continuing reduction in the estimate of the contingent liability for stamps sold in prior periods being presented for posting. Accordingly, the Secretary-General recommends against the establishment of a reserve at this time. The Secretary-General also recommends continuation of the existing practice of meeting any additional expenditures derived from postage from sales recorded in prior periods from current income. The Secretary-General also indicates that once a trend emerges from the implementation of the new policy, it will be possible to determine the appropriate level of contingent liability. At that point, UNPA would estimate the new level, in coordination with the Office of Programme Planning, Budget and Accounts, and the revised level of the contingent liability would be brought to the attention of the General Assembly.

4. The Advisory Committee notes from paragraph 9 of the report of the Secretary-General that the elimination of bulk mail has also had a positive effect on the profitability of the Postal Administration, which reported a net profit of $1.5 million for the biennium 2006-2007. With regard to the overall operational costs, the Committee was informed that the Postal Administration had continued to reduce costs by streamlining its operations and restructuring staff resources. **The Advisory Committee welcomes these developments.**

5. United Nations stamps are sold on the UNPA website (http://unstamps.un.org) and at three issuing stations, United Nations Headquarters in New York (since 1951), the United Nations Office at Geneva (1969) and the United Nations Office at Vienna (1979), with the majority of mailed stamps used for sending postcards purchased by visitors to the United Nations. The Advisory Committee was informed that adding more issuing stations would increase operating costs. Furthermore, increasing the volume of stamps would decrease their collectibility and therefore their value. Upon request, the Committee was provided with an updated listing of initiatives currently being undertaken or planned by the Postal Administration (see annex).

6. Upon enquiry the Advisory Committee was informed that the sale of stamps will be affected during the construction phase of the capital master plan since access to the postal desk in the General Assembly Building would be limited in 2011. The Postal Administration was therefore exploring ways to continue selling stamps in a New York location. **The Advisory Committee requests the Secretary-General to ensure that United Nations stamps can continue to be sold in New York during the construction phase of the capital master plan.**

7. As indicated in paragraph 13 of the report, there continue to be difficulties in estimating the value of the UNPA contingent liability for stamps that have been sold and will be presented for mailing in the future. However, the Secretary-General has disclosed the nature of the Postal Administration's contingent liability, which is estimated at approximately $3.3 million, in the footnotes to schedule 5.1 of the United Nations financial statements (A/63/5 (UN.I)), as required by the United Nations system accounting standards. **The Advisory Committee expects that the next report of the Secretary-General on the contingent liability reserve for UNPA will contain an indication of how this liability will be disclosed once International Public Sector Accounting Standards is implemented.**

8. Upon enquiry, the Advisory Committee was informed that the sale of so-called "value-added" stamps, that is, the sale of premium stamps at a price above their face

value, had been considered but that the processing and accounting of such stamps would have to be clarified. **The Advisory Committee reiterates its views as to the merits of creating a reserve for contingent liabilities for postal services for previously issued stamps, as put forward in its previous reports (A/62/350 and A/61/480) and considers that the sale of value-added stamps could be a means to gradually establish such a contingency fund once the appropriate level is determined (see para. 3 above). Accordingly, the Committee recommends that the General Assembly request the Secretary-General to explore the feasibility of issuing such stamps for the purpose of establishing a reserve for contingent liabilities.**

9. **The Advisory Committee recommends that the General Assembly take note of the report of the Secretary-General on the contingent liability reserve for UNPA (A/63/320).**

Annex

Activities and initiatives by the United Nations Postal Administration

I. Stamp programme

1. The United Nations Postal Administration (UNPA) issues stamps to promote the goals of the Organization. Recent issuances include:

- Sport for Peace commemorating the Olympic Games in Beijing, designed by the world-renowned artist Romero Britto
- We Can End Poverty
- Climate Change
- Endangered Species Series
- Coin and Flag Series
- United Nations Educational, Scientific and Cultural Organization (UNESCO) World Heritage Series
- Rights of Persons With Disabilities

2. Future issues will include the following:

- UNESCO World Heritage Series (continuation)
- Millennium Development Goals Series
- Continuation of Indigenous People Series
- International Day of Non-Violence

II. Personalized stamps

3. UNPA has continued to focus on the growth and further development of personalized stamps, expanding its reach beyond the traditional philatelic market. There are presently three types of personalized products:

- Standard sheets for customers/tourists visiting the United Nations
- Stamp show sheets to commemorate a UNPA stamp exhibition
- Special event sheets which commemorate special events
- Personalized Stamp Album (under development)

III. Stamp packs

4. UNPA has expanded its range of pre-packaged stamp packs using cancelled stamps. This product was developed to target the youth market and to encourage stamp collecting.

IV. UNPA website and e-commerce

5. UNPA continues to increase sales through its global e-commerce website as a customer-friendly alternative for current and new customers to purchase United Nations stamp products online. The trend in this media continues to grow. UNPA has also developed an e-bulletin which it sends to customers informing them of new products and developments within UNPA.